

SIL-T

Annual Report

OF

Silver Star Telephone Company, Inc.

NAME

PO Box 226, 104101 Hwy 89, Freedom, WY 83120

ADDRESS

TO THE

IDAHO PUBLIC

UTILITIES COMMISSION

FOR THE

YEAR ENDED December 31, 2013

RECEIVED

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IDAHO PUBLIC
UTILITIES COMMISSION

**ANNUAL REPORT OF SMALL TELEPHONE COMPANIES TO
THE IDAHO PUBLIC UTILITIES COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2013**

COMPANY INFORMATION

Exact name of utility: Silver Star Telephone Company, Inc.

Address of principal office: P.O. Box 226, 104101 Hwy 89, Freedom, WY 83120

Telephone Number Area Code (307) 883-2411

Cities or towns served: Wyoming - Freedom, Etna, Alpine, Afton, Bedford; Idaho - Freedom, Irwin, Wayan

Name and title of officer having custody of the general corporate books of account: _____
Allen R. Hoopes, President

Address of office where corporate books are kept and phone number: _____
P.O. Box 226, 104101 Hwy 89, Freedom, WY 83120 (307) 883-2411

Organized under the laws of the State of: Wyoming

Date of organization: 10/20/1950

Form of organization (proprietorship, association, corporation): Corporation

If a Subchapter S Corporation, please specify: N/A

Name and address of controlling company, if any: N/A

Names of affiliated companies. Give address and description of business: _____
Columbine Telephone Company, Inc.; P.O. Box 226, Freedom, WY 83120
Telecommunications Services

OFFICERS

Report below the title, name and office address of each general officer of the utility at the end of the year. If there were any changes during the year, show the name, title, and address of the previous officer and the date of change.

| Title | Name | Address |
|--------------|------------------|---------------------------------|
| President | Allen R. Hoopes | P.O. Box 226, Freedom, WY 83120 |
| COO | Ron B. McCue | P.O. Box 226, Freedom, WY 83120 |
| Asst Sec | Michelle Motzkus | P.O. Box 226, Freedom, WY 83120 |
| | | |
| | | |
| | | |

DIRECTORS

List the name of each person who was a member of the Board of Directors at any given time during the year: (Fees related to meetings only.)

| Name and Address | Term Expired or Current Term Will Expire | Meetings Attended This year | Fees Paid During Year |
|--|--|--------------------------------|--------------------------|
| Allen R. Hoopes | Indefinite | 4 | \$ 196 |
| Bob Foster | Indefinite | 4 | \$ 196 |
| Rod R. Jensen | Indefinite | 4 | \$ 196 |
| | | | |
| | | | |
| | | | |
| | | | |
| Name of Chairman of the Board: | | Allen R. Hoopes | |
| Name of Secretary (or Clerk) of Board: | | Michelle Motzkus | |
| Number of Meetings of the Board during the year: | | 4 | |

MANAGERS

List the name of each person who performed management duties for the Company during the year, and the total wages and bonuses paid to those persons: (Do not include Director fees in these amounts.)

| Name | Title | Wages and Bonuses Paid |
|------------------|---|------------------------|
| Allen R. Hoopes | General Manager / Chairman of the Board | Confidential |
| Ron B. McCue | President / COO | Confidential |
| Jennifer Brannen | Director of Marketing / Retail Sales | Confidential |
| George Scherer | Director of Human Resource | Confidential |
| Barbra Sessions | Director of Technology | Confidential |
| | | |
| | | |
| | | |
| | | |

Note: These wages include all dollars paid to managers performing work for Silver Star Telephone as well as those dollars allocated to Columbine Telephone Company, dba Teton Telecom.

NOTES TO THE FINANCIAL STATEMENTS

Please provide important information such as changes in accounting or depreciation practices, extensions or additions to the system; disposal of any substantial portion of the property of the utility; reorganization, mergers, or consolidations with other companies; leases executed; other contracts or agreements entered into; changes made in articles of incorporation or amendments; the occurrence of contingency losses or gains.

None

BALANCE SHEET
Assets and Other Debits

| Title of Account | | Balance Beginning of Year | Balance at End of Year | Increase or (Decrease) |
|---|---|---------------------------------|------------------------------|------------------------------|
| Current Assets | | | | |
| 1120 | Cash and Equivalents | 3,628,653 | 3,171,071 | |
| 1130 | Cash | | | - |
| 1140 | Special Cash Deposits | | | - |
| 1150 | Working Cash Advances | 400 | 400 | - |
| 1160 | Temporary Investments | 69,834 | 85,106 | 15,272 |
| 1180 | Telecommunications Accts. Receivable | 114,574 | 30,021 | (84,553) |
| 1181 | Accts. Rec. Allow. -Telecommunications | 5,000 | 10,000 | 5,000 |
| 1190 | Other Accounts Receivable | 7,587,977 | 975,724 | (6,612,253) |
| 1191 | Accounts Receivable Allow. - Other | (26,862) | (26,862) | - |
| 1200 | Notes Receivable | | | - |
| 1201 | Notes Receivable Allowance | | | - |
| 1210 | Interest & Dividends Receivable | | | - |
| 1220 | Material and Supplies | 472,435 | 482,368 | 9,933 |
| 1280 | Prepayments | | | - |
| 1290 | Prepaid Rents | 1,200 | 1,200 | - |
| 1300 | Prepaid Taxes | - | - | - |
| 1310 | Prepaid Insurance | 14,697 | - | (14,697) |
| 1320 | Prepaid Directory Expenses | | | - |
| 1330 | Other Prepayments | 651,713 | 6,809 | (644,904) |
| 1350 | Other Current Assets | | | - |
| Noncurrent Assets | | | | |
| 1401 | Investment in Affiliated Companies | - | - | - |
| 1402 | Investment in Nonaffiliated Companies | 7,511,375 | 5,096,141 | (2,415,234) |
| 1406 | Nonregulated Investments | 6,779,643 | 7,453,498 | 673,855 |
| 1407 | Unamortized Debt Issuance Expense | | | - |
| 1408 | Sinking Funds | | | - |
| 1410 | Other Noncurrent Assets | 7,500 | 7,500 | 0 |
| 1438 | Deferred Maintenance & Retirements | | | - |
| 1439 | Deferred Charges | | | - |
| 1500 | Other Jurisdiction Assets - Net | | | - |
| Property, Plant and Equipment | | | | |
| 2001 | Telecommunications Plants in Service | 40,534,591 | 42,725,450 | 2,190,859 |
| 2002 | Prop. Held for Future Telecom. Use | | | - |
| 2003 | Telecom. Plant under Constr. - Short Term | 261,063.09 | 184,135.50 | (76,927.59) |
| 2004 | Telecom. Plant under Constr. - Long Term | | | - |
| 2005 | Telecom. Plant Adjustment | | | - |
| 2006 | Nonoperating Plant | | | - |
| 2007 | Goodwill | | | - |
| Depreciation and Amortization Accounts | | | | |
| 3100 | Accumulated Depreciated | 30,119,730 | 31,866,661 | 1,746,932 |
| 3200 | Accum. Depre. - Held for Future Use | | | - |
| 3300 | Accumulated Depreciation - Nonoperating | 3,572,474 | 3,965,024 | 392,551 |
| 3400 | Accumulated Amortization - Tangible | | | - |
| 3410 | Accum. Amort. - Capitalized Leases | | | - |
| 3420 | Accum. Amort. - Leasehold Improvements | | | - |
| 3500 | Accumulated Amortization - Intangible | | | - |
| 3600 | Accumulated Amortization - Other | | | - |
| TOTAL ASSETS | | 33,921,591 | 24,370,876 | (9,550,715) |

BALANCE SHEET
Liabilities & Stockholders' Equity

| Title of Account | Balance Beginning of Year | Balance at End of Year | Increase or (Decrease) |
|--|---------------------------------|------------------------------|------------------------------|
| Current Liabilities | | | |
| 4010 Accounts Payable | 8,492,560 | 824,109 | (7,668,451) |
| 4020 Notes Payable | 1,200,000 | 600,000 | (600,000) |
| 4030 Advance Billings and Payments | 534,204 | 208,687 | (325,517) |
| 4040 Customer Deposits | 35,831 | 52,604 | 16,773 |
| 4050 Current Maturities - Long -Term Debt | 943,270 | 996,336 | 53,066 |
| 4060 Current Maturities - Capital leases | | | - |
| 4070 Income Taxes - Accrued | - | - | - |
| 4080 Other Taxes - Accrued | 6,673 | (12,128) | (18,801) |
| 4100 Net Current Defer. Oper. Income Taxes | (199,796) | (168,150) | 31,647 |
| 4110 Net Current Defer. Nonoper. Income Taxes | | | - |
| 4120 Other Accrued Liabilities | 820,302 | 540,020 | (280,282) |
| 4130 Other Current Liabilities | - | - | - |
| Long-Term Debt | | | |
| 4210 Funded Debt | 3,561,794 | 2,536,263 | (1,025,531) |
| 4220 Premium on Long-Term Debt | | | - |
| 4230 Discount on Long-Term Debt | | | - |
| 4240 Reacquired Debt | | | - |
| 4250 Obligations Under Capital Leases | | | - |
| 4260 Advances from Affiliated Companies | | | - |
| 4270 Other Long-Term Debt | | | - |
| Other Liabilities & Deferred Credits | | | |
| 4310 Other Long-Term Liabilities | 937,046 | 1,005,126 | 68,081 |
| 4320 Unamort. Oper. Invest. Tax Credits - Net | 115,067 | 109,279 | (5,788) |
| 4330 Unamort. Nonoper. Invest. Tax Credits - Net | - | | - |
| 4340 Net Noncurrent Defer. Oper. Income Taxes | 1,125,525 | 1,361,631 | 236,106 |
| 4350 Net Noncur. Defer. Nonoper. Income Taxes | 415,288 | 476,550 | 61,262 |
| 4360 Other Deferred Credits | 1,156,394 | 1,177,791 | 21,398 |
| 4370 Other Juris. Liab. & Def. Credits - Net | | | - |
| Stockholders' Equity | | | |
| 4510 Capital Stock | 10,000 | 10,000 | - |
| 4520 Additional Paid-In Capital | 6,947,777 | 6,947,777 | - |
| 4530 Treasury Stock | | | - |
| 4540 Other Capital | (3,032,752) | (3,426,001) | (393,249) |
| 4550 Retained Earnings | 10,852,408 | 11,130,981 | 278,572 |
| TOTAL LIAB. & OTHER CREDITS | 33,921,591 | 24,370,876 | (9,550,715) |

ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE

TOTAL Company Basis

| | Balance Beginning of Year | Additions During year | Plant Retired or Sold | Transfers and Adjustments | Balance End of Year |
|--|---------------------------------|--------------------------|-----------------------------|---------------------------------|---------------------------|
| Analysis of Telecommunications Plant in Service | | | | | |
| 1410 Internet Equipment | 558,438 | 15,175 | | | 573,613 |
| 2111 Land | 15,773 | - | | | 15,773 |
| 2112 Motor Vehicles | 1,203,443 | 399,245 | (158,428) | | 1,444,259 |
| 2113 Aircraft | | - | | | |
| 2114 Special Purpose Vehicles | | - | | | |
| 2115 Garage Work Equipment | | - | | | |
| 2116 Other Work Equipment | 1,097,717 | 16,871 | (12,114) | | 1,102,473 |
| 2121 Buildings | 3,350,326 | 78,472 | | | 3,428,798 |
| 2122 Furniture | 379,430 | - | | | 379,430 |
| 2123 Office Equipment | 681,165 | 7,391 | | (3,164) | 685,392 |
| 2124 General Purpose Computers | 1,143,841 | 145,088 | (7,543) | | 1,281,386 |
| 2211 Analog Electronic Switching | | - | | | |
| 2212 Digital Electronic Switching | 1,127,557 | - | | | 1,127,557 |
| 2215 Electro-Mechanical Switching | | - | | | |
| 2220 Operator Systems | | - | | | |
| 2231 Radio Systems | 704,345 | 721,722 | | | 1,426,067 |
| 2232 Circuit Equipment | 11,153,832 | 774,041 | | | 11,927,874 |
| 2311 Station Apparatus | | - | | | |
| 2321 Customer Premises Wiring | | - | | | |
| 2341 Large Private Branch Exchanges | | - | | | |
| 2351 Public Telephone Terminal Equipment | | - | | | |
| 2362 Other Terminal Equipment | | - | | | |
| 2411 Poles | | - | | | |
| 2421 Aerial Cable | - | - | | | - |
| 2422 Underground Cable | - | - | | | - |
| 2423 Buried Cable | 18,780,901 | 214,103 | | | 18,995,004 |
| 2424 Submarine Cable | | - | | | |
| 2426 Intrabuilding Network Cable | | - | | | |
| 2431 Aerial Wire | | - | | | |
| 2441 Conduit Systems | 283,864 | - | | | 283,864 |
| 2681 Capital Leases | | - | | | |
| 2682 Leasehold Improvements | 53,003 | - | | | 53,003 |
| 2690 Intangibles | 958 | - | | | 958 |
| TOTAL PLANT ACCOUNTS | 40,534,591 | 2,372,108 | (178,085) | (3,164) | 42,725,450 |

ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

IDAHO Operations Only

Analysis of Telecommunications Plant in Service

| | Balance Beginning of Year | Additions During Year | Plant Retired or Sold | Transfers and Adjustments | Balance End of Year |
|--|---------------------------------|--------------------------|-----------------------------|---------------------------------|---------------------------|
| 2111 Land | 7,012 | - | | | 7,012 |
| 2112 Motor Vehicles | - | - | | | - |
| 2113 Aircraft | | - | | | |
| 2114 Special Purpose Vehicles | | - | | | |
| 2115 Garage Work Equipment | | - | | | |
| 2116 Other Work Equipment | | - | | | - |
| 2121 Buildings | 405,804 | 51,757 | | | 457,560 |
| 2122 Furniture | - | - | | | - |
| 2123 Office Equipment | 748 | - | | | 748 |
| 2124 General Purpose Computers | - | - | | | - |
| 2211 Analog Electronic Switching | | - | | | |
| 2212 Digital Electronic Switching | - | - | | | - |
| 2215 Electro-Mechanical Switching | | - | | | |
| 2220 Operator Systems | | - | | | |
| 2231 Radio Systems | 226,729 | 111,331 | | | 338,060 |
| 2232 Circuit Equipment | 3,161,122 | 175,624.17 | | | 3,336,746 |
| 2311 Station Apparatus | | - | | | |
| 2321 Customer Premises Wiring | | - | | | |
| 2341 Large Private Branch Exchanges | | - | | | |
| 2351 Public Telephone Terminal Equipment | | - | | | |
| 2362 Other Terminal Equipment | | - | | | |
| 2411 Poles | | - | | | |
| 2421 Aerial Cable | 742 | - | | | 742 |
| 2422 Underground Cable | - | - | | | - |
| 2423 Buried Cable | 6,375,911 | 41,093 | | | 6,417,004 |
| 2424 Submarine Cable | | - | | | |
| 2426 Intrabuilding Network Cable | | - | | | |
| 2431 Aerial Wire | | - | | | |
| 2441 Conduit Systems | 2,928 | - | | | 2,928 |
| 2681 Capital Leases | | - | | | |
| 2682 Leasehold Improvements | - | - | | | - |
| 2690 Intangibles | - | - | | | - |
| TOTAL PLANT ACCOUNTS | 10,180,996 | 379,805 | - | - | 10,560,801 |

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION Account 3100

| | TOTAL Company Basis | | | Credits During Year | Retirements and Adjustments | Balance End of Year |
|---|---------------------------------|-----------------------|-----------|---------------------------|-----------------------------------|---------------------------|
| | Balance Beginning of Year | Depreciation Rate* | | | | |
| Analysis of Entries in Accumulated Depreciation | | | | | | |
| 1410 Internet | 548,377 | 33.33% | 10,061 | | | 558,438 |
| 2112 Motor Vehicles | 1,203,443 | 20.00% | 178,209 | (158,428) | | 1,223,224 |
| 2113 Aircraft | | | - | | | |
| 2114 Special Purpose Vehicles | | | - | | | |
| 2115 Garage Work Equipment | | | - | | | |
| 2116 Other Work Equipment | 1,097,717 | 10.00% | 13,530 | (12,114) | | 1,099,133 |
| 2121 Buildings | 2,242,578 | 5.00% | 167,929 | | | 2,410,507 |
| 2122 Furniture | 375,281 | FD | 588 | | | 375,869 |
| 2123 Office Equipment | 482,473 | 14 - 20% | 52,234 | | | 534,707 |
| 2124 General Purpose Computers | 1,102,627 | 14.00% | 17,514 | (7,543) | | 1,112,597 |
| 2211 Analog Electronic Switching | | | - | | | |
| 2212 Digital Electronic Switching | 550,228 | 8.33 - 12% | 93,925 | - | | 644,153 |
| 2215 Electro-Mechanical Switching | | | - | | | |
| 2220 Operator Systems | | | - | | | |
| 2231 Radio Systems | 547,276 | 10.00% | 68,217 | - | | 615,493 |
| 2232 Circuit Equipment | 7,884,777 | 10 - 12.5% | 946,250 | - | | 8,831,027 |
| 2311 Station Apparatus | | | - | | | |
| 2321 Customer Premises Wiring | | | - | | | |
| 2341 Large Private Branch Exchanges | | | - | | | |
| 2351 Public Telephone Terminal Equipment | | | - | | | |
| 2362 Other Terminal Equipment | | | - | | | |
| 2411 Poles | | | - | | | |
| 2421 Aerial Cable | - | | - | | | - |
| 2422 Underground Cable | - | 5.00% | - | | | - |
| 2423 Buried Cable | 13,906,258 | 5 - 20% | 362,331 | - | | 14,268,589 |
| 2424 Submarine Cable | | | - | | | |
| 2426 Intrabuilding Network Cable | | | - | | | |
| 2431 Aerial Wire | | | - | | | |
| 2441 Conduit Systems | 160,100 | 5.00% | 14,193 | | | 174,293 |
| 2682 Leasehold Improvements | 15,981 | 5.00% | 2,650 | | | 18,631 |
| TOTAL | 30,117,115 | | 1,927,632 | (178,085) | | 31,866,661 |

*Please list individual depreciation rate for each account.

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
Account 3100

IDAHO Operations Only

| Analysis of Entries in Accumulated Depreciation | | | | | |
|--|---------------------------------|-----------------------|---------------------------|-----------------------------------|---------------------------|
| | Balance Beginning of Year | Depreciation Rate* | Credits During Year | Retirements and Adjustments | Balance End of Year |
| 2112 Motor Vehicles | - | 20.00% | - | - | - |
| 2113 Aircraft | | | - | | |
| 2114 Special Purpose Vehicles | | | - | | |
| 2115 Garage Work Equipment | | | - | | |
| 2116 Other Work Equipment | | 10.00% | - | | - |
| 2121 Buildings | 236,662 | 5.00% | 20,536 | | 257,197 |
| 2122 Furniture | - | FD | - | | - |
| 2123 Office Equipment | 748 | 14 - 20% | - | | 748 |
| 2124 General Purpose Computers | - | 14.00% | - | | - |
| 2211 Analog Electronic Switching | | | - | | |
| 2212 Digital Electronic Switching | - | | - | | - |
| 2215 Electro-Mechanical Switching | | 8.33 - 12% | - | | |
| 2220 Operator Systems | | | - | | |
| 2231 Radio Systems | 123,132 | 10.00% | 29,063 | - | 152,195 |
| 2232 Circuit Equipment | 2,918,212 | 10 - 12.5% | 127,884 | - | 3,046,096 |
| 2311 Station Apparatus | | | - | | |
| 2321 Customer Premises Wiring | | | - | | |
| 2341 Large Private Branch Exchanges | | | - | | |
| 2351 Public Telephone Terminal Equipment | | | - | | |
| 2362 Other Terminal Equipment | | | - | | |
| 2411 Poles | | | - | | |
| 2421 Aerial Cable | - | | - | | - |
| 2422 Underground Cable | | 5.00% | - | | - |
| 2423 Buried Cable | 6,293,879 | 5 - 20% | 9,003 | | 6,302,882 |
| 2424 Submarine Cable | | | - | | |
| 2426 Intrabuilding Network Cable | | | - | | |
| 2431 Aerial Wire | | | - | | |
| 2441 Conduit Systems | 1,623 | 5.00% | 146 | | 1,769 |
| 2682 Leasehold Improvements | - | 5.00% | - | | - |
| TOTAL | 9,574,256 | | 186,631 | - | 9,760,887 |

*Please list individual depreciation rate for each account.

INVESTMENTS

Report below the investments in Accounts 1401, 1402 and 1406. Identify each investment as to the account in which included. Minor amounts in Account 1406 may be grouped by classes.

| <u>Description</u> | <u>Date Acquired</u> | <u>Book Cost of Investments Disposed of This year</u> | <u>Book Cost of Investments Held at End of Year</u> |
|----------------------------|----------------------|---|---|
| Cash Value -Life Ins. | Various | | 1,084,650 |
| Syringa Networks | 2000 | | 923,455 |
| PCS Investments | Various | | 2,467,799 |
| RTB Stock | | | - |
| Unicomconnect LLC | 2009 | | 24,000 |
| RTFC Capital Credits | Various | | 132,427 |
| RTFC Certificates | Various | | 57,303 |
| Independent Cable Systems | 2003 | | 395,708 |
| Economic Development Loan | 2000 | | - |
| Investment-Wells Fargo | 2003 | | 17,200 |
| Silver Star - Afton (CLEC) | 1999 | | 7,453,498 |
| Investment-Unicomconnect | 2010 | | (6,400) |
| Totals | | - | 12,549,639 |

RECEIVABLES

Itemize amounts show in Accounts 1180, 1190 and 1200. For notes receivable list each note separately and include the maturity date and interest rate. Minor amounts in Account 1210 may be combined.

| <u>Name of Company</u> | <u>Amount at End of Year</u> | |
|------------------------|------------------------------|--------------------------------|
| | <u>Notes Receivable</u> | <u>Accounts Receivable</u> |
| Customer Billed | | 126,418 |
| Bridgerland Wireless | | 14,029 |
| Neca | | 277,102 |
| Interexchange Carriers | | 118,043 |
| Goldstar | | - |
| Silver Star Afton | | - |
| State USF | | 7,328 |
| Schools & Libraries | | 4,427 |
| Other | | 292,108 |
| Totals | | 988,883 |

NOTES PAYABLE

For Notes Payable, list each note separately and include the maturity date and interest rate.

| <u>Name of Creditor</u> | <u>Date of Note</u> | <u>Interest Rate</u> | <u>Due Date</u> | <u>Face Amount</u> |
|-------------------------|---------------------|----------------------|-----------------|--------------------|
| RTFC | Jul-09 | Various | Jul-12 | 600,000 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Totals | | | | 600,000 |

ACCOUNTS PAYABLE

Report below all Accounts Payable amounting to more than \$100.00

| <u>Name of Creditor</u> | <u>Amount</u> |
|-------------------------|----------------|
| Fed, State, Local Tax | 32,209 |
| Corporate Benefits | 150,883 |
| NECA | 45,928 |
| Long Distance Carriers | (502) |
| World Visions | - |
| Various Other Vendors | 581,000 |
| Inter Company | 14,590.86 |
| | |
| | |
| | |
| | |
| | |
| Totals | 824,109 |

LONG - TERM DEBT

Accounts 4210, 4240, 4250, 4260, 4270 and 4310

List the required data for each obligation included in these accounts, grouping them by account number and showing totals for each account. If any obligations mature serially or otherwise at various dates, give particulars in a note.

| Class & Series of Obligation | Date of | | Date of Maturity | Fact Amount | | Outstanding Year-End | Premium/ Discount | | Interest for year | |
|---------------------------------|------------|---------|------------------------|----------------|------|-------------------------|-------------------|-----------|-------------------|-------------------|
| | Issue | | | Authorized | Year | | Total | Amortized | Rate | Amount |
| RUS NOTE - 2.0% | 6/1/2003 | | 2009 | 20,301 | | - | | | 2.00% | - |
| RUS NOTE - 5.0% | 3/1/1974 | | 2015 | 1,689,000 | | 21,356.95 | | | 5.00% | 1,432.21 |
| RUS NOTE - 5.0% | 12/1/1990 | | 2025 | 2,188,000 | | - | | | 5.00% | - |
| RUS NOTE - 5.0% | 5/1/2003 | | 2018 | 6,758,000 | | 1,142,315.46 | | | 5.00% | 65,823.02 |
| RUS NOTE - 5.0% | 9/30/2005 | | 2017 | 653,773 | | 223,640.58 | | | 5.00% | 12,881.32 |
| RUS NOTE - 5.0% | 8/31/2006 | | 2017 | 2,446,100 | | 891,591.22 | | | 5.00% | 51,341.04 |
| RUS NOTE - 6.57% | 12/1/1995 | | 2009 | 350,000 | | - | | | 6.57% | - |
| RUS NOTE - 6.75% | 12/1/1995 | | 2009 | 864,345 | | - | | | 6.75% | - |
| RUS NOTE - 6.96% | 12/1/1995 | | 2009 | 190,655 | | - | | | 6.96% | - |
| RTB NOTE - 6.54% | 12/1/1990 | | 2009 | 820,050 | | - | | | 6.54% | - |
| RTFC LOC - 5.25% | | | | 3,732,000 | | | | | 5.25% | |
| RTFC NOTE - VARIOUS | 10/1/2001 | | 2016 | 3,263,158 | | 845,562.01 | | | VARIOUS | 50,387.57 |
| RTFC NTOE - VARIOUS | 9/1/2003 | | 2018 | 4,166,667 | | - | | | VARIOUS | 38,723.83 |
| PCS NOTE - 6.25% | 4/1/1997 | | 2007 | 39,600 | | - | | | 6.25% | 438.71 |
| EQUIPMENT NOTES - 0.0% | | Various | | | | 108,133.52 | | | 0.00% | 402.92 |
| RURAL ECONOMIC DEV. NOTE - 0.0% | | | | 300,000 | | 300,000.00 | | | 0.00% | - |
| LESS CURRENT PORTION | | | | | | (996,336.41) | | | | |
| TOTALS | | | | | | 2,536,263.33 | | | | 221,430.62 |

CAPITAL STOCK

Report below the particulars called for concerning common and preferred stock at end of year, designating separate series of any general class. Show totals separately for common and preferred.

For each class of preferred stock, show the dividend rate and whether dividends are cumulative or noncumulative.

Show details in a footnote of capital stock sold during the year. Include number of shares, consideration received, premium or discount, and expenses incurred.

| | | | Outstanding per | |
|---|---|---------------------------------------|------------------------|----------------------|
| | | | Balance Sheet | |
| <u>Class & Series of Stock</u> | <u>Number of Shares Authorized</u> | <u>Par Value per Share</u> | <u>Shares</u> | <u>Amount</u> |
| Common Stock Voting | 25,000 | 1 | 2,500 | 2,500 |
| Common Stock Non-Voting | 75,000 | 1 | 7,500 | 7,500 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
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| TOTAL | 100,000 | | 10,000 | 10,000 |

INCOME & RETAINED EARNINGS STATEMENT

| Item | Total Company | Idaho Only |
|--|----------------------------|----------------------------|
| Total Operating Income (from page 16) | <u>9,630,844.88</u> | <u>1,913,059.03</u> |
| Total Operating Expenses (from page 17) | <u>8,628,962.61</u> | <u>1,372,443.69</u> |
| 7100 Other Operating Income and Expense | <u>-</u> | <u>-</u> |
| 7210 Operating Investment Tax Credits-Net | <u>4,500.00</u> | <u>4,500.00</u> |
| 7220 Operating Federal Income Taxes | <u>215,571.31</u> | <u>105,561.00</u> |
| 7230 Operating State and Local Income Taxes | <u>6,000.00</u> | <u>6,000.00</u> |
| 7240 Operating Other Taxes | <u>89,863.30</u> | <u>20,852.04</u> |
| 7250 Provision for Deferred Operating Income Taxes-Net | <u>255,386.83</u> | <u>143,658.00</u> |
| 7200 Operating Taxes (Total) | <u>571,321.44</u> | <u>280,571.04</u> |
| 7310 Dividend Income | <u>(7,067.73)</u> | <u>(2,212.48)</u> |
| 7320 Interest Income | <u>(7,616.94)</u> | <u>(1,084.18)</u> |
| 7330 Income from Sinking and Other Funds | <u>-</u> | <u>-</u> |
| 7340 Allowance for Funds Used During Construction | <u>-</u> | <u>-</u> |
| 7350 Gains/Losses from the Disposition of Certain Property | <u>-</u> | <u>-</u> |
| 7360 Other Nonoperating Income | <u>169,003.56</u> | <u>(147,524.00)</u> |
| 7370 Special Charges | <u>(103,521.22)</u> | <u>66.65</u> |
| 7300 Nonoperating Income and Expense | <u>50,797.67</u> | <u>(150,754.01)</u> |
| 7410 Nonoperating Investment Tax Credits-Net | <u>-</u> | <u>-</u> |
| 7420 Nonoperating Federal Income Taxes | <u>-</u> | <u>-</u> |
| 7430 Nonoperating State and Local Income Taxes | <u>-</u> | <u>-</u> |
| 7440 Nonoperating Other Taxes | <u>-</u> | <u>-</u> |
| 7450 Provision for Deferred Nonoperating Income Taxes-Net | <u>50,400.81</u> | <u>(7,087.00)</u> |
| 7400 Nonoperating Taxes | <u>50,400.81</u> | <u>(7,087.00)</u> |
| 7510 Interest on Funded Debt | <u>220,588.99</u> | <u>51,793.26</u> |
| 7520 Interest Expense-Capital Leases | <u>-</u> | <u>-</u> |
| 7530 Amortization of Debt Issuance Expense | <u>-</u> | <u>-</u> |
| 7540 Other Interest Deductions | <u>841.63</u> | <u>7.79</u> |
| 7500 Interest and Related Items | <u>221,430.62</u> | <u>51,801.05</u> |
| 7610 Extraordinary Income Credits | <u>-</u> | <u>-</u> |
| 7620 Extraordinary Income Charges | <u>-</u> | <u>-</u> |
| 7630 Current Income Tax Effect of Extraordinary Items-Net | <u>-</u> | <u>-</u> |
| 7640 Provision for Deferred Income Tax Effect of Extraordinary Items-Net | <u>-</u> | <u>-</u> |
| 7600 Extraordinary Items | <u>-</u> | <u>-</u> |
| 7910 Income Effect of Jurisdictional Ratemaking Differences-Net | <u>-</u> | <u>-</u> |
| 7990 Nonregulated Net Income | <u>1,112,923.94</u> | <u>71,917.67</u> |
| AMOUNT TRANSFERRED TO RETAINED EARNINGS | <u>1,220,855.67</u> | <u>438,001.93</u> |

OPERATING REVENUES

| Item | Total Company | Idaho Only |
|---|------------------|------------------|
| Local Network Services Revenues | | |
| 5001 Basic Area Revenue | 1,270,958 | 156,865 |
| 5002 Optional Extended Area Revenue | | |
| 5003 Cellular Mobile Revenue | (27,314) | (819) |
| 5004 Other Mobile Services Revenue | | |
| 5010 Public Telephone Revenue | - | - |
| 5040 Local Private Line Revenue | 258,486 | 64,157 |
| 5050 Customer Premises Revenue | | |
| 5060 Other Local Exchange Revenue | 206,702 | 15,686 |
| 5069 Other Local Exchange Settlements | 1,617,836 | 571,686 |
| Network Access Services Revenues | | |
| 5081 End User Revenue (SLC) | 523,080 | 56,738 |
| 5082 Switched Access Revenue (Interstate) | 3,136,569 | 596,307 |
| 5083 Special Access Revenue | 1,514,770 | 335,073 |
| 5084 State Access Revenue (Intrastate) | 144,194 | 22,130 |
| Long Distance Network Services Revenues | | |
| 5100 Long Distance Message Revenue - All | - | - |
| Miscellaneous Revenues | | |
| 5230 Directory Revenue | 61,357 | 565 |
| 5240 Rent Revenue | 746,464 | 86,122 |
| 5250 Corporate Operations Revenue | 122,436 | 5,310 |
| 5261 Special Billing Arrangements Revenue | | |
| 5262 Customer Operations Revenue | | |
| 5263 Plant Operations Revenue | | |
| 5264 Other Incidental Regulated Revenue | | |
| 5269 Other Revenue Settlements | | |
| 5270 Carrier Billing & Collection Revenue | 74,950 | 3,775 |
| Uncollectible Revenues | | |
| 5301 Uncollectible Revenue - Telecommunications | (19,500) | (417) |
| 5302 Uncollectible Revenue - Other | (144) | (120) |
| TOTAL OPERATING REVENUES | 9,630,845 | 1,913,059 |

Please identify the following revenues:

NECA USF \$ 1,466,714 To what account were they booked? 5,069

State USF \$ 155,677 To what account were they booked? 5,069

OPERATING REVENUES

| Item | Total Company | Idaho Only |
|--|----------------------|-------------------|
| Plant Specific Operations Expense | | |
| 6110 Network Support Expenses | | |
| 6112 Motor Vehicle Expense | 33,213 | 9,497 |
| 6113 Aircraft Expense | | |
| 6114 Special Purpose Vehicles Expense | | |
| 6115 Garage Work Equipment Expense | | |
| 6116 Other Work Equipment Expense | | |
| 6120 General Support Expenses | | |
| 6121 Land and Building Expenses | 243,646 | 52,889 |
| 6122 Furniture and Artworks Expense | 2,511 | 63 |
| 6123 Office Equipment Expense | 83,019 | 18,788 |
| 6124 General Purpose Computers Expense | 354,315 | 62,778 |
| 6210 Central Office Switching Expenses | | |
| 6211 Analog Electronic Expense | | |
| 6212 Digital Electronic Expense | 237,340 | 26,371 |
| 6215 Electro-Mechanical Expense | | |
| 6220 Operators System Expense | | |
| 6230 Central Office Transmission Expenses | | |
| 6231 Radio Systems Expense | 37,691 | 716 |
| 6232 Circuit Equipment Expense | 802,131 | 113,820 |
| 6310 Information Origination/Termination Expense | | |
| 6311 Station Apparatus Expense | | |
| 6341 Large Private Branch Exchange Expense | | |
| 6351 Public Telephone Terminal Equipment Expense | | |
| 6362 Other Terminal Equipment Expense | | |
| 6410 Cable and Wire Facilities Expenses | | |
| 6411 Pole Expense | | |
| 6421 Aerial Cable Expense | - | - |
| 6422 Underground Cable Expense | | |
| 6423 Buried Cable Expense | 1,024,641 | 178,332 |
| 6424 Submarine Cable Expense | | |
| 6425 Deep Sea Cable Expense | | |
| 6426 Intrabuilding Network Cable Expense | | |
| 6431 Aerial Wire Expense | | |
| 6441 Conduit Systems Expense | | |
| TOTAL PLANT SPECIFIC OPERATIONS EXPENSE | 2,818,505 | 463,254 |

OPERATING REVENUES

| Item | Total Company | Idaho Only |
|--|---------------------|---------------------|
| Plant Nonspecific Operations Expense | | |
| 6510 Other Property/Plant/Equipment Expenses | | |
| 6511 Property Held for Future Telecomm. Use Expenses | | |
| 6512 Provisioning Expense | | |
| 6530 Network Operations Expense | | |
| 6531 Power Expense | - | - |
| 6532 Network Administration Expense | 84,580.41 | 7,840.23 |
| 6533 Testing Expense | 82,136.15 | 10,764.12 |
| 6534 Plant Operations Administration Expense | 159,470.95 | 33,462.02 |
| 6535 Engineering Expense | 248,252.32 | 64,517.78 |
| 6540 Access Expense | 158,152.77 | 40,078.26 |
| 6560 Depreciation and Amortization Expenses | | |
| 6561 Depreciation Expense-Telecom. Plant in Service | 2,310,191.17 | 186,631.29 |
| 6562 Depreciation Expense-Property Held for Future Use | | |
| 6563 Amortization Expense - Tangible | | |
| 6564 Amortization Expense - Intangible | 1,600.08 | - |
| 6565 Amortization Expense - Other | | |
| Total Plant Nonspecific Operations Expenses | | |
| Customer Operations Expense | 3,044,383.85 | 343,293.70 |
| 6610 Marketing | | |
| 6611 Product Management | 407.49 | 103.81 |
| 6612 Sales | 141,397.85 | 17,728.71 |
| 6613 Product Advertising | 230,476.34 | 38,442.68 |
| 6620 Services | | |
| 6621 Call Completion Services | | |
| 6622 Number Services | 32,323.46 | 4,871.32 |
| 6623 Customer Services | 564,648.68 | 94,870.32 |
| Total Customer Operations Expense | 969,253.82 | 156,016.84 |
| Corporate Operations Expense | | |
| 6710 Executive and Planning | | |
| 6711 Executive | 321,938.70 | 85,677.00 |
| 6712 Planning | 7,209.01 | 609.41 |
| 6720 General and Administrative | | |
| 6721 Accounting and Finance | 697,621.37 | 202,801.65 |
| 6722 External Relations | 113,778.85 | 16,810.04 |
| 6723 Human Resources | 127,138.62 | 25,168.77 |
| 6724 Information Management | | |
| 6725 Legal | 234,454.32 | 12,290.67 |
| 6726 Procurement | 67,390.33 | 17,445.69 |
| 6727 Research and Development | | |
| 6728 Other General and Administrative | 227,288.50 | 49,076.08 |
| 6790 Provision for Uncollectible Notes Receivable | | |
| Total Corporate Operations Expense | 1,796,819.70 | 409,879.31 |
| TOTAL OPERATING EXPENSES | 8,628,962.61 | 1,372,443.69 |

CENTRAL OFFICE DATA
as of December 31, 2013 (unless otherwise indicated)

Name of Central Office: _____ None
Prefix (es): _____ 574 And 483

Central Office Switch _____ Type: _____

Check all that apply:
Stand Alone _____ **Check one:**
Host _____ Digital _____
Remote _____ Analog _____
Electro-Mechanical _____
Other: _____

Access Line Capacity
Design: _____
Access Lines in Use
Customer Lines 350
(Include Centrex, PAL, Semi-Pub.)

Installed/Equipped: _____ Public Telephone Lines 2

Company Official Lines 22

Company Test Lines _____

Classification of Customer Access

| | Residence | | | Business | | | Total |
|-------------------|-----------------------|------------------------|-------------|-----------------------|------------------------|-------------------|--------------|
| | Multi-Line 1-Party | Single Line 1-Party | Multi-Party | Multi-Line 1-Party | Single Line 1-Party | Multi-Party | |
| Beginning of Year | _____ | 281 | _____ | 88 | 37 | _____ | 406 |
| New Connects | _____ | 21 | _____ | 6 | 5 | _____ | 32 |
| Disconnects | _____ | 74 | _____ | 12 | 2 | _____ | 88 |
| End of Year | _____ | 228 | _____ | 82 | 40 | _____ | 350 |
| | | | | | | Subtotal Business | |
| | | | | | | 125 | |

Foreign Exchange:

Dial Tone from this C.O.: _____
Dial Tone from another C.O.: _____

Directory Listings:

Number of Customers with Nonpublished or Nonlisted: 41

Custom Calling:

Number of customers with at least one feature: _____
Total number of features subscribed to: 12

NUMBER OF CALLS COMPLETED BY CUSTOMERS DURING (Year) 2012.

| Local Exchange | Average # of Customer Lines in Use | <u>Local Calls</u> | | <u>Toll Calls Originated (Total of all Carriers)</u> | | | Avg./ Line |
|------------------|--|--------------------|---------------|--|------------|-------|---------------|
| | | Number (1000s) | Avg./ Line | Intrastate | Interstate | Total | |
| 1 <u>208/483</u> | | | | | | | |
| 2 <u>208/574</u> | | | | | | | |
| 3 | | | | | | | |
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| 16 | | | | | | | |
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| 18 | | | | | | | |

YEAR ENDED DECEMBER 31, __2013__.

CUSTOMER RELATIONS RULES COMPLIANCE

Rule IDAPA 31.21.01.603

Rule IDAPA 31.41.01.105

Please provide copies of:

Summary of Customer Relations Rules for Telephone Corporations

Idaho Telephone Solicitation Act Notification

Method of Notification:

Mailed separately to customers Yes_____ No__X__

Included in directory Yes__X__ No_____

Date of notification _____

Alternate method of notification _____

Rule IDAPA 31.41.01.403.02

Record of Complaints: Silver Star Telecom

Number received by Company _____

Category of complaints (if known):

Deposit Disputes _____

Charges on Bill _____

Denial/Termination _____

Quality or Availability
of Service _____

Carrier Selection/Assignment _____

Miscellaneous _____

Rev 3/02

CERTIFICATE

State of Idaho)
) ss
County of)

WE, the undersigned Kurt Garrard

and _____

of the Silver Star Telephone Company, Inc. utility,

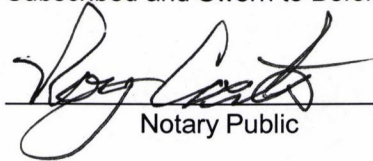
on our oath do severally say that the foregoing return has been prepared under our direction, from the original books, papers, and records of said utility; that we have carefully examined same, and declare the same to be a correct statement of the business affairs of said utility for the period covered by the return in respect to each and every matter and thing therein set forth, to the best of our knowledge, information and belief.



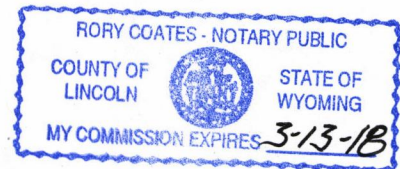
(Chief Officer)

(Officer in Charge of Accounts)

Subscribed and Sworn to Before Me this 12TH day of May, (Year) 2014.



Notary Public



My Commission expires 3-13, (Year) 18.

Rev 3/02

gdk/excel/jnelson/anulrpts/telannualrpt